



ZENGER | FOLKMAN

Lessons and Advice from a Serial Entrepreneur

David Williams

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David Williams, Chief Executive Officer of Fishbowl, joins Dr. Jack Zenger and Dr. Joe Folkman in this edition of the Zenger Folkman podcast series to discuss a variety of topics, including the characteristics of great leaders, the types of leadership that are important during different phases of a company, working with the millennial generation, identifying high-potentials, and how to truly be in the people business.

Fishbowl offers asset-tracking software for large enterprises and provides the #1 requested manufacturing and warehouse management solutions for QuickBooks. Fishbowl has had extraordinary growth and has achieved numerous awards under David's leadership, including positions on the *Inc. 500 Fastest Growing Private Companies* and the *Deloitte Fast 500* lists.

David served as an executive with Covey Leadership and worked closely with its management team and Stephen R. Covey. David authored the book *The 7 Non-Negotiables of Winning: Tying Soft Traits to Hard Results*. An industry thought-leader, David has written numerous articles about character-based leadership.

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You've worked with some amazing people. What made them such great leaders?

The leader that comes immediately to mind is Stephen R. Covey. I wouldn't look at him necessarily as a skilled, competent executive, but he had the ability to teach principles and then he walked his talk. I saw him up close and personal, and I saw his children. I think it came up in one of the last political conventions that it is hard to fake good children. His children are the real deal and they walk the 7-Habits talk.

To me, Stephen was the quintessential leader, example, and mentor. His ideas and principles are what I wanted to build a company around. I think that because his own company was so new and economically fragile, it was difficult to incorporate his own content into the company. As I've aged, I thought, why not build something that is culturally principle-based and not just centered around money? Of course having returns is important, but I thought that if I built the culture right with deep foundations that are principally sound, the rest should happen. I believed this and I've seen it happen for 15 years.



According to our research, great leaders don't need to be perfect, but their strengths are what make the difference.

To that point, I make mistakes all the time, but if they're honest mistakes, we call it "failing up." I don't believe in "failing down." If you are a bad person and you are doing bad things, that's another discussion, but if you are trying and you simply forgot something, didn't do something good enough, or maybe the elements or timing were against you, it's okay if you gave it your best. Get off the mat and go again.

What traits or qualities have you found to be particularly useful in leadership roles?

I believe that you cannot be duplicitous. So often, leaders say things but do things differently. When your employees or people you are trying to lead see that, anything else you say is watered down—it's not as effective. If there's one thing you try to do as a leader, is that what you say, you better try very hard to do.

Back to the previous point, it's okay to stub your toe now and again. In fact, it makes you more human, but not being duplicitous is very key for a leader.

You've been a serial entrepreneur. Is there a difference between the leadership required for the startup phase of a company and the phase where the company is up and running?

There is a different energy that is required at the beginning—there are longer hours; you typically carry all the burden; often you are the source of money; you are the one who needs to pick people up when it's dark and they don't know how to look for the sunrise; and maybe they don't have the experience to go through a startup, so it's scary and daunting.



I know I'm getting off topic, but yes, it takes a big effort at the beginning and I'm glad I don't have to start over with another company right now. I'm enjoying the next phase where there are leaders we can groom that can increase in their competencies and capacities to take over the day-to-day management. I'm really not involved in any of the tactical deployment of the strategy. I help on the strategic side and I'm three to five years out on what we will bring into the company, which might or might not be software. I could see us doing other things.

Being in the technology field is interesting right now because if you've got something cool with the newest technology, it's going to fly. It just depends on how long it's going to fly. Our software is built to last 100 years and I don't have an exit strategy. I'm here to have this company be here for my grandchildren's grandchildren. You do things differently in companies that have a three-to-seven-year strategy. I make decisions differently knowing that my company will be here longer. The decisions we make now need to last. Do all decisions last? No, but you need to have that paradigm of lasting the ages.

People call all the time and say, "We've read about you. Can we invest? Can we buy?" And I think, what would money buy me? Would I start another something? I've got it so good right now with such great people. We are employee owned. We are debt-free. My exit strategy is death, which could happen at any moment!

Let's change topics and talk about this millennial generation. Is there something different about their values or behaviors that create challenges for those in leadership?

I recently read an article in *Forbes* about millennials that included all the usual talking points: they are entitled, spoiled, and lazy; they don't want to pay the price for success; and they don't have good work ethic. There might be some of that going on, but the mean age of my employees is probably 25 and I don't see that.



If you know how to lead and free them, they are extraordinary, fast, bright, and seem to have no fear. They understand technology and are hungry for new technology. They are out there multi-tasking: finding Pokémon, coding, and answering the call all at the same time. I see nothing but greatness in them.

Millennials are just different; they are not like us. If they are done by 2 p.m. and they feel like they've accomplished something and they want to go play for an hour, they go do it. What we'd do is find something else to work on. They just get different fulfillment out of different things.

Do you allow them that kind of flexibility in your office?

I do. We offer unlimited vacation and no clocking in. They work in teams, so they regulate each other. There are certain things they need to accomplish, and if they don't quite hit some of the timelines, especially on the product side, it's okay. If they try their hardest and they need another week, I'm not one to tell them to stay here over the weekend or work 80 hours the next week to pump this thing out. You get bad product when you do that.

I don't ever lose sales guys, which is unique. Most companies don't have a sales team that stays a decade or 15 years doing the same thing every day. I attribute that to us allowing them to have the freedom to have funky offices; sit, stand, or walk on a treadmill while on the phone; or ride their bikes for four hours if they want to come back and work from 6 to 10 p.m. because they have customers that want to do demos at that time.

If they're happy when they leave work with smiles on their faces, that's all I care about. And productivity is out of the roof. If you know how to free these millennials, their turn-rate is way quicker than we can even imagine. I think people of our generation see them as not like us and wonder, "What's their problem? Why are they not doing the things we did? Why aren't they paying the price like we did?" Well, their price is different. In one generation, so many things have changed.



Which traits identify high-potentials that will help you succeed in your organization?

In a first interview, I don't look at a résumé. We have a discussion like we are having here and I ask questions to sense if they are honest. I then ask questions to sense if they are hard-working. And the last thing I want to know is if they are willing to learn or if they think that they already know everything. If they are honest, hard-working, and willing to learn, we have a desk for them.

You can change from one department to another in our company. Our head of development was an electrician when I first met him. He moved to being a support person to a high-tech person to a trainer. He then decided he wanted to try sales. After that, he said, "I've been talking to customers for so many years, I believe I can lead our programmers to build the product that our customers need." So here he is—an electrician with no formal education—the head of all our development. Back to the original question: give me an honest, hard-working, teachable person. Male or female. I want that person.

You've written articles about strengths. How did you become interested in this topic and which strength do you value most?

It is probably autobiographical. Will I fall, get hit, and get bruises and cuts? Oh, yeah. But give me a goal line and I'm going to get to that goal line. All of us have the innate desire to get into the end zone. It's often just knowing how to get there. If I had to pick one strength, it'd be determination: the undaunted courage to continue, no matter what.

That can work negatively too. It has for me. There's a big steel mill in town that I bought with my own money. After three years and millions of dollars, I couldn't get anywhere with it. I should have gotten out after two years. I didn't because I didn't think I had crossed the goal line.



Determination can sometimes work to your detriment, but show me someone who has the courage to finish, but who is also willing to ask for help along the way—that’s a great leader or a person with the potential to become a great leader.

I think our listeners and readers would be interested to know your secret to being able to tell, during an interview, if someone is honest or not. What do you ask them?

I start by asking how they would handle a situation in which honesty is at stake and to provide an example from their experience. By watching someone share an experience like this, you can usually tell whether they are being honest. Holding eye-contact, not tightening up, and not being afraid to share these types of things tell me about the person. It’s more than what the words are. It is easy in our culture to be dishonest.

As a follow-up, I present a scenario. Let me give a real example: In our call center we have a salary/commission-based structure. As an employee you would have the opportunity to fake calls. You could make a call to multiple numbers, for example, to get the weather. If you were to add two or three of these calls a day, your overall take for the year could increase by five to ten thousand dollars.

Let’s say that you saw someone else doing this. How hard would it be for you to talk to that person, even if he or she were sitting right next to you. If necessary, would you be able to bring the issue up with that person’s supervisor? What if this person is tough to approach and you are a little intimidated? How would you feel if someone on your team were doing something that could hurt the company or a customer by being dishonest?

Back to your question, that’s a possible exchange. And then I give trust, and it’s yours to lose.



As you've tried to grow your leadership team and its talent, what have you incorporated to help people grow and develop new skills?

Our current COO was one of our customers 15 years ago. I hired him at Fishbowl to help our partner nation grow and to help establish resellers. He then became involved in sales, even though he was an attorney with no sales background. He was a good listener and he was smart. Sales guys had a hard time pulling the wool over his eyes by trying to cut a deal that was outside what should be allowed as far as discounts at the end of the month. He was strong that way, but he had no experience outside of this.

About a year ago, I wanted to back farther out of the operational issues. He was completely trustworthy and he'd been with us for ten years. He had never violated trust even though he had plenty of opportunities to do so, to the point where he would never talk about others behind their backs. I approached him and asked, "How would you like to be our COO and to take on everything here that happens day to day?" I can't remember what his immediate response was, but it was positive.

As our next step, I asked him to write his own job description—a clear agreement detailing the roles and what his stewardship should be on a yearly, monthly, and daily basis. I asked him to write his dream description of the COO role and then we would talk about it. I thought he might nail it, I might have a few things to add, or he would surprise me with a few things I hadn't even thought about.

About a week later when he came back, there wasn't one thing to change. And he was stretching himself immensely. It was so hard for me not to say, "Let's take this down a little bit, maybe a gear down, and then grow into it." Until you allow somebody to have freedom to soar and open their wings fully, you don't know how big they are. And they don't know how big they are until they get going.

The guy is going gangbusters. In fact, that clear agreement is now so dated after just a year that we needed to do a new one because there were a bunch of things he wanted to add. It was interesting to see that



by allowing him to have the freedom to be a leader, he has expanded his own competencies and added new capacities.

We appreciate this opportunity to talk to you about your leadership philosophy. Is there anything else you think would interest our listeners?

If there's one thing I could share that might be a little novel in the leadership space, it is to truly be in the people business. Don't just say it.

For example, I've allocated 49% of my company to a stock-option plan. As an employee, you get stock options by picking two of our seven non-negotiables that you choose to work on during the year. At the end of the year, you come in and share, in written essay form and verbally, how you improved in those areas. Give us examples from the workplace, home, church, or community. If you've improved in those areas, you get stock options.

I'm in the business of them. When they're better people, they're happier at work and they go home happy to happy significant others who then love you as a company. If you want to be in the people business, truly be in it as far as making sure they are being taken care of.

You don't just have employees; you have their loved ones you must be thinking about. At this time when the cost of employee benefits is astronomical, that's the best thing you can do and one of the best investments you can make. Don't strip those things away because that's saying that money is more important to you than them.

I understand that we need to make profit and we've had times in the last couple of years where making payroll was scary. Growing a business with your own money is an interesting thing—it's beautiful and scary at the same time.

If your people know that you'll stand the winds that hit you, for them and with them, they will do incredible things for you. It comes back to you a hundred times. Love your people and show them through your actions



that they matter first. Customers are darn important too, but my people are the premium to me. You hear a lot of leaders say that, but I walk that talk. I do it with stock, pay, and opportunities within the company. I show it every day and it works. That's why my book is called *Tying Soft Traits to Hard Results*. If you work on a person to be better, you see the hard results.

Is your book, *The 7 Non-Negotiables of Winning: Tying Soft Traits to Hard Results*, available from Amazon and Barnes & Noble?

All of those places and it's probably down to a dollar a book by now!

An interesting thing about the book is that I had the entire company come up with the seven non-negotiables. It wasn't just me. We all contributed things written on 3x5 cards. We then selected, in a company vote, which seven we liked most.

Our employees decided that's what they wanted to do as a company and they watch out for these things. During a recent radio interview, I was asked how often I have to bring these things up. I don't think I've brought up the non-negotiables since I wrote the book. My employees talk about them all the time because they came up with them.

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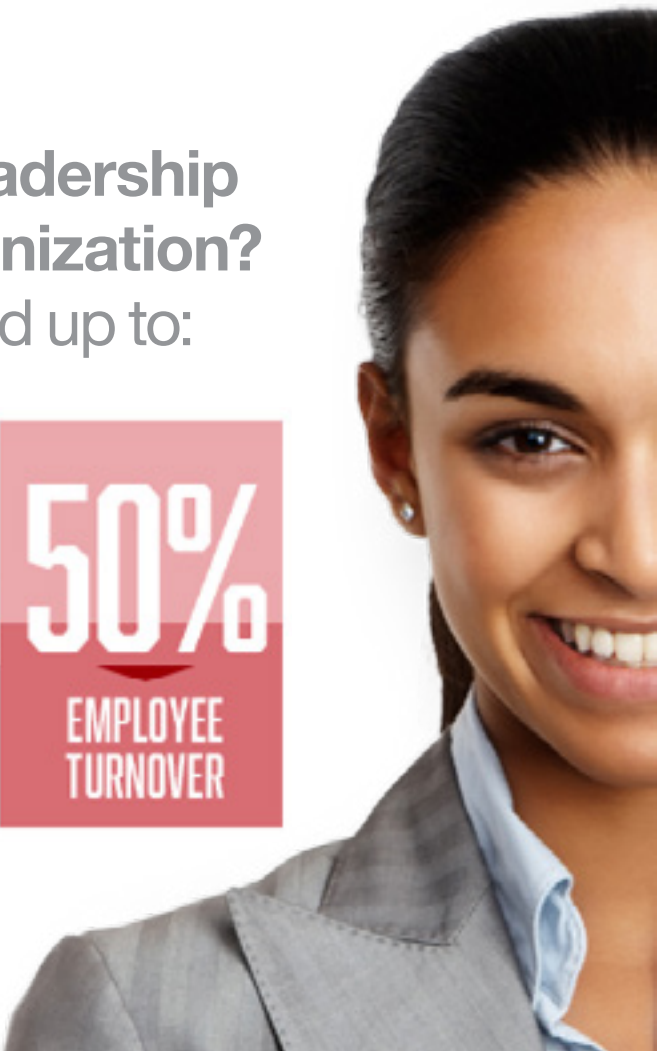


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